MART® 84

October 1984

Business Ideas Today's Retailer Needs to Know

A Gordon Publication

RETAILING 84

- How Over-Distribution Hurts the Retailer
- Handy Andy Eyes Expansion

HOUSEWARES 84

- Retailers Make Out Their Christmas Lists
- Housewares Suppliers Pick Fall Winners

ELECTRONICS 84

- MART's Exclusive Consumer VCR Survey
- VSDA Report: What's Ahead for Software Sales?

APPLIANCES 84

- Microwave Roundup: What's Selling at Retail?
- How Furniture Stores Are Doing in White Goods

Spotlight:
Pacific Stereo's Armand Phillippi

ESTABLISHED 1953

MART 84

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Volume 31, Number 2

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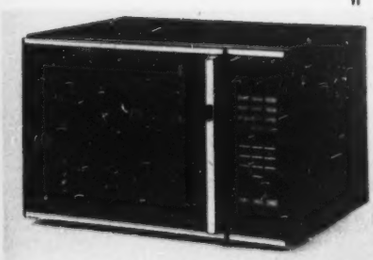

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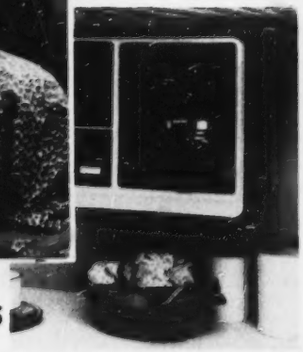

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Cover photograph by Rick Barrick

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GORDON PUBLICATIONS, INC.
A Gordon Communications Company

MART Editorial Offices:
9 E. 38th St. - Suite 701
New York, NY 10016
Tel. (212) 725-0530

Publishers of MART •TCR
Computer Dealer • Software Retailing

MART (ISSN-0025-4061), including Electrical Dealer, is published monthly by Gordon Publications, Inc., 13 Emery Ave., Randolph, NJ 07869-1380; Mailing Address: Box 1952, Dover, NJ 07801-0952, (201) 361-9060. Second class postage paid at Dover, NJ 07801-9998 and at additional mailing offices. Subscription rates: $30 per year in the U.S., $42 all other countries, airmail $84. Single copy, U.S., $3; all other countries, $6. Publisher reserves the right to accept or reject any subscription. Microfilm copies of complete issues or reproductions of individual articles from microfilm prints can be obtained from Xerox University Microfilms, Ann Arbor, MI 48106. Copyright© 1984, Gordon Publications, Inc. ALL RIGHTS RESERVED, including reproductions of this magazine in whole or in part. MART® is the registered trademark of Gordon Publications, Inc. Change of Address: Send to Circulation Manager, MART Magazine, P.O. Box 1952, Dover NJ 07801-0952. Postmaster: Send address change to MART, P.O. Box 1952, Dover, NJ 07801-0952.

TV/Appliance Stores Gain in VCR Sales: MART Survey

As video cassette recorders gain in penetration of U.S. households, where are new consumers entering the market going to buy their VCRs? Once they get the units home, how will these new owners be using their VCRs? And what kind of repeat business for software and accessories purchases can a dealer expect once a VCR has been sold?

To find out the answers to these and many other questions about video recorders and software, MART recently surveyed nearly 2,000 known recent purchasers of video cassette recorders, asking them why they chose the units they purchased, what types of video software they have been buying and/or renting, and which related video products they plan to purchase next. Four percent of the VCR owners who returned our questionnaire own a video-disc player as well, and we asked about their disc-buying patterns, too.

This seventh annual MART consumer survey indicates that the new generation of VCR purchasers may be turning back to the TV/appliance store as their primary resource for video-hardware purchases, although video-specialty stores remain a strong factor as well. And for the first time, this year's survey indicates, watching pre-recorded video tapes has emerged as the number-one use of the VCR once the consumer gets it home.

After losing ground to the video-specialty store in last year's exclusive MART survey of video-cassette-recorder owners, the TV/appliance store has once again emerged as the top choice for consumers for buying a VCR.

According to this year's survey, 37 percent of the VCR owners who returned MART's questionnaire bought their unit in a TV/appliance store, while another 31 percent purchased their VCR in a video-specialty store. (In last year's MART survey, by comparison, 33 percent purchased their VCRs in a video-specialty store and 31 percent in a TV/appliance store; in 1982, 39 percent bought their VCRs in a TV/appliance store, and only 27 percent in a video-specialty store.)

The TV/appliance store picked up market share mainly at the expense of department stores (down 2 percent from last year's survey, to 6 percent of these consumers) and catalog showrooms, whose share of these consumers' purchases was cut in half, from 8 percent of the total last year to 4 percent in this year's MART survey.

Five percent of these consumers bought their VCRs at a hi-fi specialty store (down from 6 percent in last year's survey), 7 percent in a discount store (the same as last year), and 3 percent from a mass merchandiser (down from 4 percent in last year's survey).

And, if they had it to do over again, 32 percent of these VCR owners would buy again from a TV/appliance store, while 31 percent would buy from a video-specialty outlet. Perhaps reflecting their greater knowledge of the product after having owned one, so they have less need to be "sold," however, 11 percent of these consumers said that if they were to buy again they would buy from a discounter.

Another reflection of consumers' growing familiarity with video recorders may be the fact that many of these VCR owners did not do much shopping around before completing their purchases. Twenty-one percent said they bought their VCR in the first store they visited, and 30 percent said they made their purchase after only one visit to that store.

As for how these consumers picked the particular model they purchased, price no longer ranks as the number-one criterion, according to MART's survey: 22 percent of these VCR owners said the most important factor influencing their purchase was the manufacturer's reputation, while only 20 percent said price was most

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Where Did You Purchase Your VCR?

TV/Appliance Store	37%
Video-Specialty Store	31%
Discount Store	7%
Department Store	6%
Hi-Fi Specialty Store	5%
Catalog Showroom	4%
Mass Merchandiser	3%
Other	7%

What Is Your Most Common Use of Your VCR?

Playing Pre-Recorded Tapes	36%
Recording While Away from Home or Asleep	34%
Building Library of Recorded Programs	11%
Recording One Program/ Watching Another Taping with Camera	9%
Taping with Camera	8%
Other	2%

If You Were to Buy a New VCR, Where Would You Be Most Likely to Buy It?

TV/Appliance Store	32%
Video-Specialty Store	31%
Discount Store	11%
Catalog Showroom	6%
Department Store	6%
Mass Merchandiser	4%
Hi-Fi Specialty Store	4%
Other	1%
No Answer	5%

When You Bought the VCR, Did the Salesperson Attempt to Sell You Tapes or a Camera?

Yes	32%
No	63%
No Answer	5%

At the Time You Bought the VCR, How Many Blank Tapes Did You Purchase?

None	23%
1	24%
2	23%
3	10%
4 or 5	6%
6 to 9	5%
10 or more	8%
No Answer	1%
Mean: 2.4 tapes	

Why Did you Choose This Particular VCR Model?

Manufacturer's Reputation	22%
Price	20%
Special Features	18%
Ease of Operation	10%
Programmability	9%
Salesperson's Recommendation	7%
Length of Recording Time	6%
Warranty Protection	5%
Friend's Recommendation	3%
Other	4%

(Totals more than 100% because of multiple responses)

If You Were Buying Another VCR, What Would Be Most Important to You?

Manufacturer's Reputation	27%
Price	22%
Special Features	20%
Ease of Operation	12%
Programmability	8%
Friend's Recommendation	4%
Length of Recording Time	2%
Warranty Protection	2%
Salesperson's Recommendation	1%
Other	5%

(Totals more than 100% because of multiple responses)

At the Time You Bought the VCR, How Many Pre-Recorded Tape Did you Purchase?

None	91%
1	2%
2	1%
3	1%
4 or 5	1%
6 to 9	1%
10 or more	1%
No Answer	2%
Mean: 0.2 tapes	

VCR Manufacturer's Reputation Now Tops . . .

[Continued from page 39]
important to them.

(In last year's MART survey, 33 percent of the respondents said they chose their video recorders primarily on price, while 29 percent said the manufacturer's reputation was most important. The 1982 MART VCR survey showed a similar pattern, with 31 percent naming price as their most-important criterion and 28 percent saying manufacturer's reputation was most important.)

Special features available on a particular VCR were the main factor in the buying decisions of 18 percent of these consumers, while another 10 percent picked ease of operation as their most-important consideration. Programmability was the deciding element for 9 percent of these VCR owners; no other factor got more than 7 percent in their rankings.

If they had it to do over again, the VCR manufacturer's reputation would weigh even more heavily with these consumers: 27 percent of the MART survey respondents said the supplier's reputation would be most important to them in buying a second VCR, while 22 percent said price would be most important. Special features would be most important to 20 percent of these consumers if they were to buy a VCR again, according to the survey.

Having made their initial VCR purchase, what are these consumers doing with the units?

For the first time in MART's seven years of surveying consumer buying patterns for video recorders, watching pre-recorded cassettes emerged as the number-one use of the products, cited by 36 percent of these consumers. Another 34 percent said their most-common use of their VCR is recording off the air while away from home or asleep.

(In last year's MART survey, by comparison, 37 percent used the VCR mostly for recording while away or asleep, while watching pre-recorded programming was number-one for only 34 percent; in the 1982 VCR survey, those percentages were 53 and 28, respectively.)

Building a library of recorded programs was cited as the most-common use of the VCR by 11 percent of these owners; no other usage got more than 9 percent in their rankings.

(Among the owners of portable VCRs, playing pre-recorded cassettes was still the number-one usage, cited by 35 percent. Taping with a camera was picked as the primary usage by 15 percent of the portable-VCR owners, compared to only 8 percent of the respondents as a whole.)

And these consumers are extremely pleased with the VCRs they have purchased. Asked "Considering your knowledge of VCR at this time, would you buy a VCR again?" a resounding 97 percent said yes.

"It has enabled me to be more flexible with my schedule," commented a Nebraska man, while an Oklahoma woman who bought a portable VCR and camera said, "In the long run it's cheaper than a movie camera, and in the future you can look back at the past as if it were yesterday." And a New Jersey man declared, "It's all that justifies television's existence 95 percent of the time!"

Most of these VCR owners—90 percent of MART's survey respondents—would also buy the same brand again if they had it to do over. Most of those who would not buy the same brand twice cited repair problems as turning them against the brand they had purchased, such as the California woman who commented, "In 3½ months of operation the VCR has been in for repair twice for over two weeks at a time, and it's been inoperable much of the rest of the time."

What about software buying patterns? While most of these consumers did not buy much software—either blank or pre-recorded—at the time they purchased the video recorder, many have made up for that since then, at least in buying blank tapes.

At the time they bought the VCR, 47 percent of these VCR owners purchased only one or two blank tapes, and 23 percent purchased none at all (perhaps attributable to the fact that only 32 percent of these VCR owners said the salesperson made any attempt to sell them tapes or a camera along with the video cassette recorder).

Since owning the VCR however, (and most of these consumers have owned their video recorders for less than a year), their blank-tape buying has picked up considerably. Forty-three percent of the survey respondents told MART they have purchased 10 or more blank cassettes since owning the VCR. And while 10 percent of these consumers have not bought any blank tapes since purchasing the VCR, the median number of blank cassettes purchased by the group is 3.

Pre-recorded-software purchases among these VCR owners show quite a different pattern, reflecting the increasing significance of rentals in the video-software business.

Ninety-one percent of these consumers did not buy any pre-recorded software at the time they purchased their VCR, and 85 percent have not purchased any pre-recorded programming since owning the video recorder.

Do You Belong to a Video-Tape Rental Club?

Yes	82%
No	16%
No Answer	2%

Since Buying Your VCR, How Many Blank Tapes Have You Purchased?

None	10%
1	5%
2	9%
3	6%
4 or 5	9%
6 to 9	16%
10 or more	43%
No Answer	2%

Do You Ever Rent Pre-Recorded Tapes?

Yes	84%
No	13%
No Answer	3%

Average Share of Video Software Bought/Rented by Type:

Current Features	64%
Children's Programs	18%
Movie Classics	8%
X-rated	6%
Education/Instruction	2%
Sports	2%
Other	3%

(Total more than 100% because of multiple responses)

Since Buying Your VCR, How Many Pre-Recorded Tapes Have You Purchased?

None	85%
1	5%
2	3%
3	3%
4 or 5	1%
6 to 9	1%
10 or more	1%
No Answer	1%
Mean: 0.6 tapes	

If You Rent Tapes, How Many Do You Generally Rent Per Month?

1	8%
2	10%
3	10%
4 or 5	25%
6 to 9	18%
10 or more	27%
No Answer	2%
Mean: 4.2 tapes	

In What Type of Store Do You Usually Buy or Rent Pre-Recorded Software?

Video-Software Specialist	56%
TV/Appliance Store	21%
Discount Store	6%
Record Store	4%
Department Store	3%
Mass Merchandiser	2%
Catalog Showroom	2%
Other	5%
No Answer	1%

in Consumers' Brand-Decision Process

However, 84 percent of MART's survey respondents said they rent prerecorded tapes, and 82 percent belong to a video-rental club.

Among those VCR owners who do rent tapes, 27 percent said they rent 10 or more cassettes per month, and another 25 percent said they rent four or five tapes a month. The average number of tapes rented during a typical month by these consumers is 4.2, down from 8.2 tapes rented monthly by respondents to last year's MART survey.

The average price paid per night to rent tapes is $2.50, this year's survey respondents said, although they reported a broad diversity of rental charges. Thirty-nine percent said they usually pay from $2 to $2.99 per night to rent a tape, while another 23 percent generally pay from $3 to $3.99, and 17 percent said they pay from $1 to $1.99 per night for tape rentals.

And what type of programming are these consumers watching? Current feature films hold the top position with these VCR owners, who told MART they rent this type of program 64 percent of the time. Next was children's programs, at 18 percent (double this category's 9-percent share in last year's MART survey), and movie classics, at 8 percent. These consumers said they watch X-rated tapes only 6 percent of the time.

What type of retail outlet is getting the video-software business?

Not surprisingly, the video-specialty store came out on top for sales and rentals of video cassettes, with 56 percent of the respondents to MART's survey saying they usually buy or rent from a video specialist. The TV/appliance store was second as a source of video software, for 21 percent of these consumers, while 6 percent said they usually go to a discount store for software. No other type of retail outlet got more than 6 percent of these consumers' software business.

(In last year's MART VCR survey, 58 percent of the respondents said they usually bought or rented software from a video specialist. The TV/appliance store was in second place with only 9 percent—obivously indicating big gains in the past year in the TV/appliance dealer's share of the software dollar.)

What about future video-hardware buying plans? Of the consumers who answered MART's questionnaire, 27 percent bought a portable VCR, as opposed to a home deck, but only 14 percent of the total respondents and 50 percent of the portable-VCR owners have purchased a video camera, most of them at the same time as their VCR. (In last year's survey, only 12 percent of the VCR owners also owned cameras.)

Of those VCR owners who do not own a camera, 92 percent said they plan to purchase one, 34 percent of them within the next six to 12 months. Another 47 percent of these consumers said they plan to buy a video camera within the next 18 months.

Some of these consumers will also be in the market for a new color television set in the not-too-distant future. Thirteen percent of these consumers said they plan to buy a new color set within the next six to 12 months, and another 7 percent said they expect to buy a new color set within the next 18 months.

And while 5 percent of these consumers currently own a projection-TV set, only 4 percent own a video disc player. Most of these VCR owners—89 percent of MART's survey respondents—said they do not plan to buy a disc player. Only 10 percent said they plan to buy one within the next six to 18 months.

The VCR owners who also own a disc player report a higher level of pre-recorded-cassette purchases than the survey respondents as a whole (37 percent of the disc-player owners have purchased at least one prerecorded tape, as opposed to only 15 percent of the total sample). Their tape-rental record, however, is lower.

What does all this mean to the video retailer?

First, the fact that watching prerecorded cassettes is the number-one use of the video recorder by this group of consumers bodes well for the video-software dealer, although these VCR owners are clearly much more interested in pre-recorded-software rentals than sales.

MART's survey also indicates that the TV/appliance retailer appears to be fighting back against the inroads being made in the video-hardware business by the video specialist, although it is still a close fight. The TV/appliance dealer appears to be gaining ground in the video-software business, as well.

Finally, MART's exclusive survey indicates that this relatively young, affluent group of consumers is still in the market for video cameras and, in some cases, new TV sets or video disc players as well . . . a good reason for retailers to keep up with their lists of previous VCR purchasers with an eye toward bringing in repeat business.□

CATHY CICCOLELLA

Have You Purchased a Video Camera for Use with Your VCR?

Yes	14%
No	82%
No Answer	4%

If Not, Do You Plan to Buy a Disc Player?

Yes, Within 6 Months	1%
Yes, Within 12 Months	3%
Yes, Within 18 Month	6%
Do Not Plan to Buy	89%
No Answer	1%

Total Household Income

Less than $15,000	2%
$15,000 to $19,999	6%
$20,000 to $24,999	11%
$25,000 to $34,999	21%
$35,000 to $49,999	35%
$50,000 or over	21%
No Answer	4%
Median Income: $39,000	

Do You Currently Own a Video-Disc Player?

Yes	4%
No	95%
No Answer	1%

Age

24 or Under	6%
25 to 34	36%
35 to 44	27%
45 to 54	17%
55 to 64	10%
65 or over	2%
No Answer	2%
Average Age: 36	

If Not, Do You Plan to Purchase a Video Camera?

Yes, Within 6 Months	8%
Yes, Within 12 Months	26%
Yes, Within 18 Months	47%
Do Not Plan to Buy	14%
No Answer	5%

Highest Grade of School Completed

8th Grade or Less	1%
Some High School	7%
High-School Graduate	17%
Some College	39%
College Graduate	22%
Post-Graduate Work	11%
No Answer	3%

Marital Status

Married	76%
Single	15%
Separated/Divorced	6%
Widowed	2%
No Answer	1%

Sex

Male	84%
Female	15%
No Answer	1%

Statistical research for this survey was compiled by Yvonne N. Hunley.